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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday February 8, 1977 CG NIDC 77-031C

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**NATIONAL SECURITY INFORMATION**

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Tuesday February 8, 1977.

The NID Cable is for the purpose of informing senior US officials.

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CHINA: Political and Economic Developments

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[ ] An editorial published over the weekend in China's leading party and army journals underlines the top priority China's new leaders are giving to continuing the campaign against the four purged leftist Politburo members and their lower ranking supporters. The editorial, and a commentary printed in the party's monthly ideological journal and broadcast over the weekend, charges that local leaders have been underestimating the serious nature of the current political campaign and have not exercised adequate leadership to advance it.

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[ ] The articles seem to reflect Peking's concern that local leftists will go unidentified and unreformed and will be free to continue to create local political disturbances. There is no evidence of any serious violence, //but low-level leftists have caused some embarrassment in Peking and elsewhere. They may have been responsible for wall posters that attacked Politburo members last month during activities honoring the late premier Chou En-lai.// They also apparently continue to cause trouble for some provincial leaders as well as local leaders in Shanghai.

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[ ] While the level of disturbances is probably restricted to divisive wall poster writing and rumor mongering, it apparently is serious enough to divert attention from pressing economic matters. In apparent recognition of this, the regime's most recent slogan "to bring about great order across the land" seems to have supplanted temporarily the "four modernizations"--China's economic goals announced in 1975--as a leading propaganda theme.

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[ ] Peking's bid to increase local political activity against leftists may pose a threat to certain provincial leaders who last year were in the forefront of the leftist-inspired campaign against former vice premier Teng Hsiao-ping. So far none has been publicly associated with the fallen leftists but some may still have to clear themselves of responsibility for either their own actions or those of their subordinates.

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[ ] //A poster that appeared late last year charged the civilian leaders of one province where the propaganda was particularly leftist in orientation with obstructing criticism of leftist influence. If such accusations continue, they could become the basis for the removal of some high-ranking provincial leaders.//

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[ ] The editorial also seems to bring Teng Hsiao-ping another step closer to rehabilitation. It calls "deepening exposure and criticism of the "gang of four" the current "key link," but makes only passing reference to "class struggle," which through 1976 had been the "key link." Teng previously was criticized for failing to take "class struggle" as the "key link."

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[ ] The editorial's unreserved and defensive pledge to protect "whatever" Mao Tse-tung had formulated suggests that the regime is being accused of not following policies that Mao had approved. Although such charges so far are only vaguely documented, they may refer to plans to rehabilitate Teng. They also may refer to aggressive steps to rebuild China's economy.

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[ ] A significant indicator of China's economic condition-- industrial production--rose less than an estimated 5 percent last year. Gross national product increased only an estimated 3 percent. These growth rates at best are half of those achieved annually over the past decade.

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[ ] According to the Chinese-controlled Hong Kong weekly *Economic Reporter*, the value of China's industrial output "showed an increase" last year. No specific figure was cited, but the results reportedly were less than anticipated because of the disruption by the discredited leftists. "Rather large increases" during the fourth quarter are claimed for provinces most seriously affected by political disruption, indicating some recovery there.

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[ ] The *Economic Reporter* earlier had claimed increases in gross industrial production of 13.4 and 7 percent for the first quarter and first half of 1976, respectively. By the end of the third quarter, the economy obviously had begun to slow because

of political instability and the Tangshan earthquake. Although overall industry began to recover during the fourth quarter, industrial production has by no means fully recovered.

[ ] Nationwide increases in production are thus far claimed only for petroleum, natural gas, and coal. [ ]

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#### CZECHOSLOVAKIA: Pressure on Charter 77 Dissidents

[ ] Czechoslovak authorities are maintaining pressure on the supporters of the Charter 77 human rights manifesto, but they remain wary of issuing indictments against any of the dissidents unequivocally linked to the document. The number of "unofficial" messages to activists warning them of their vulnerability to punitive legal action has increased.

[ ] Although the number of signers has grown the last few days, the impact of Charter 77 on the Czechoslovak public does not appear to be significant. The government has tried to demonstrate that a substantial segment of the populace is opposed to the charter, and efforts to get workers to sign anti-charter statements should prevent widespread open support for it. Such pressure, however, could cause resentment.

[ ] On the international side, the campaign to gain legitimacy and respectability for the Husak regime has run into serious problems. The Italian foreign minister canceled a planned stopover in Prague en route home from the USSR, and the Norwegians canceled a ministerial visit. Other planned official visits also may now be in doubt.

[ ] Soviet press coverage of Charter 77 thus far has been relatively low key. The USSR has tried to depict Charter 77 as having little popular support, especially from the workers, and has attacked "reactionary circles" in the West for interfering in the internal affairs of another state. The Soviets clearly hope that the lack of popular enthusiasm for Charter 77 will enable the Czechoslovak leaders to emerge with little damage.

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[redacted] So long as the Charter 77 controversy persists, however, it creates the potential for serious problems for the USSR and the other East European states with the approach of the Belgrade conference on the Helsinki accords this summer. Soviet propaganda commentary reflects this concern and, rather than focusing on the Charter 77 issue, devotes more space to alleged Western failures in the human rights field and on the "enemies of detente" who are using the human rights issue to sabotage East-West relations. [redacted]

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YUGOSLAVIA: Yugoslav Dissidents Active

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[ ] The Tito regime's hopes of gaining prestige by serving as host for the follow-on European security talks in June are dimming because of a resurgence of open political dissent. The dissenters are cautiously playing on increased Western criticism of Yugoslavia's performance on human rights to press Belgrade to relax its ideological and political strictures.

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[ ] The first public step by the dissenters came last week, when a document protesting travel restrictions on troublemakers was leaked to the Western press. Sixty Yugoslavs signed the document, which had been privately circulated since last summer. Several dissenters have recently told Westerners that the document is only the tip of an iceberg.

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[ ] Since a major purge of liberals in 1972, the Yugoslav regime has shut down dissident journals, given stiff prison terms for a wide range of political "crimes," and gradually restored the arbitrary police powers that it had scrapped after a period of abuse in the mid-1960s. The regime rationalizes that such measures are needed to help prevent problems in the post-Tito era.

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[ ] Some Yugoslav leaders would like to ease the "vigilance campaigns" and rein in the secret police. Tito, however, and many of the men who came to power following the 1972 purge have adamantly opposed any concessions to the "hostile forces." The more moderate leaders have thus been unable to accomplish much more than a feeble propaganda effort touting "socialist democracy" and mildly rebuking authoritarians in general.

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[ ] The moderates can still make gradual headway if the dissidents keep up the pressure and continue to avoid excesses that might trigger a sharp reaction from Tito. The dissenters, however, are loosely organized, and hotheads among them could take intemperate stands that would amount to a direct challenge to Tito's authority. [ ]

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